

Message Text

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16

ACTION EA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07 L-02

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

AID-05 COME-00 EB-07 FRB-03 TRSE-00 XMB-02 OPIC-03

CIEP-01 LAB-04 SIL-01 OMB-01 CEA-01 STR-04 IO-10 /097 W

----- 108403

R 260930Z MAR 75

FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC 1990

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E.O. 11652: N/A

TAGS: EFIN, THE

SUBJECT: CABINET RULES OUT BAHT REVALUATION

1. THE CABINET ON MARCH 25 RULED OUT ANY REVALUATION OF THE BAHT, AT LEAST FOR THE PRESENT. IN RECENT WEEKS THERE HAS BEEN A LARGE INFLOW OF DOLLARS AND CONSIDERABLE SPECULATION THAT THE VALUE OF THE BAHT WOULD BE RAISED AGAINST THE DOLLAR. THERE WERE STRONG RUMORS THAT THE NEW MINISTER OF FINANCE, BOONCHU ROJANASTIEN, WOULD ORDER A REVALUATION OF ABOUT FIVE PERCENT LAST WEEKEND.

2. THE BANK OF THAILAND AND NESDB BOTH OPPOSE REVALUATION NOW SINCE THEY DO NOT SEE ANY ADVANTAGE TO THAILAND, CONSIDERING THE DOWNWARD TREND OF PRICES FOR THEIR PRINCIPAL EXPORTS AND THE LESSENING OF INFLATIONARY PRESSURES ON IMPORTED GOODS.

3. WE DOUBT THAT THE CABINET RULING IS THE LAST WORD ON THE ISSUE SINCE THERE IS CONSIDERABLE SUPPORT FOR ALLOWING THE BAHT TO FLOAT. FURTHER WEAKENING OF THE DOLLAR COULD INCREASE PRESSURE TO CUT THE BAHT'S CONNECTION TO THE DOLLAR AND ALLOW IT TO FIND ITS OWN LEVEL.

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SOME 60 PERCENT OF THAILAND'S FOREIGN EXCHANGE RESERVES

ARE IN DOLLARS, 30 PERCENT IN OTHER CURRENCIES, AND
TEN PERCENT IN GOLD AND SDR'S.
MASTERS

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Message Attributes

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